

# Lt. Governor Brown Announces More than \$26 Million Recovered in FY2010 from Medicaid Fraud, Waste and Abuse

*Passage of False Health Claims Act expected to help State recover \$46.5 million in FY2011*

## Lt. Governor's Office News Release

**Baltimore, MD (July 22, 2010)** - As Maryland Medicaid fraud investigators prepare to incorporate new and stronger State enforcement measures, Lt. Governor Anthony G. Brown announced today that the O'Malley-Brown Administration has recovered \$26,496,631 from fraud, waste and abuse of Maryland's Medicaid Program during FY 2010. The latest figures represent the monies Maryland Department of Health and Mental Hygiene's Program Integrity Unit (PIU) has been able to recover before provisions of the False Health Claims Act of 2010 go into effect October 1, 2010.

"We fought for tougher enforcement because we have a responsibility to the taxpayers of Maryland to be vigilant and aggressive as we seek to recover every stolen, misspent and misdirected health care tax dollar. With the passage of the False Health Claims Act of 2010 and the hard work of our partners in the health care industry, we will save and recover millions more of those dollars every year moving forward," said Lt. Governor Brown. "The False Claims Act will go a long way to help us protect our most vulnerable neighbors who depend on Medicaid and will serve as an important deterrent to those looking to cheat taxpayers out of tens of millions of dollars each year."

Since 2006, the Department of Health and Mental Hygiene (DHMH) Office of the Inspector General has identified or recovered over \$100 million in fraud, waste and cost avoidance within the Medicaid Program, according to DHMH Inspector General Thomas V. Russell. The O'Malley-Brown administration has fought hard to make government more efficient and effective and has supported the Inspector General Office's efforts to recover fraudulent funds. During Governor Martin O'Malley's first two years in office, recoveries increased by nearly \$18 million compared to the previous administration's last two years.

During the 2010 legislative session, the O'Malley-Brown administration passed and enacted the Maryland False Health Claims Act of 2010 (FCA). Lt. Governor Brown championed the administration's efforts, convening regular meetings with stakeholders and building consensus with associations, including the Maryland Hospital Association, which had previously opposed the legislation. With the new anti-fraud provisions on the books, Maryland will improve the State's ability to safeguard the integrity of Medicaid and could recover an estimated \$46.5 million in the current fiscal year, a 75 percent increase compared to FY10.

"The O'Malley-Brown administration and the General Assembly have given us the ability to shine even more light on the dark deeds of those who would cheat Maryland taxpayers," said DHMH Secretary John M. Colmers. "These tools will help us ensure the integrity of Maryland's Medicaid program and advance the quality of care for those Maryland families who need it."

The Federal FCA, enacted in 1986, has returned over \$24 billion to government coffers. Additional studies have shown that for every dollar spent on fraud enforcement, the government has recovered \$15. However, the reach of the Federal FCA is limited because it can only pursue the largest and most global cases of fraud. States that have enacted their own FCAs have increased recoveries by as much as 100 percent. Virginia, for example, recovered \$100 million in the two years after it enacted an FCA. Prior to enacting an FCA, the Commonwealth recovered approximately \$20 million.

Under the proposed federal health care reform overhaul, the O'Malley-Brown administration has allocated more resources to fight fraud. This includes more audits of Medicaid providers and increased emphasis on pre- and post-payment reviews. New rules require Medicaid agencies to exclude individuals or entities from Medicaid that have failed to repay overpayments, have been suspended, excluded or terminated from participation in any Medicaid program or is affiliated with an individual or entity that has been

suspended, excluded or terminated from Medicaid participation.

The Program Integrity Unit in the Office of the Inspector General is responsible for performing audits and investigations of providers certified to receive reimbursement from Medicaid and the State when anomalies arise regarding those providers' billing practices. The unit is comprised of lawyers, clinicians, auditors and investigators and is responsible for analyzing claims and encounter data submitted by providers to detect abusive billing practices.

Lt. Governor Brown leads the O'Malley-Brown administration's efforts on a range of issues, including health care. Brown led this year's effort to pass the Medicaid False Claims Act and establish Patient Centered Medical Homes. In 2008, he championed the administration's efforts to pass the Veterans Behavioral Health Act which expanded and improved mental and behavioral services for veterans returning from combat. He chairs the Maryland Health Quality and Cost Council and co-chairs the Maryland Health Care Reform Coordinating Council.